



Information Booklet

Business Startup

6

STARTING ONLINE BUSINESS

for SMEs



Introduction

Small and Medium Enterprises Development Authority (SMEDA) works under the Ministry of Industries and Production, Government of Pakistan and was established in 1998 with the objective to propel economic growth through development of SMEs. SMEDA serves as an SME strategy-advisory body for the Government of Pakistan and facilitates partners in meeting their SME development agendas.

SMEDA envisions growth of a globally competitive SME sector (in Pakistan), through creating an enabling environment and support services for increase in the national economy. SMEDA strives to achieve this vision by providing assistance in employment generation and value addition to the national income, through development of the SME Sector, by helping increase the number, scale and competitiveness of SMEs.

National Business Development Program for SMEs (NBDP) is a project of SMEDA which intends to provide hands-on support services to SMEs. The aim of this business development support provided by NBDP is to advance new businesses and improve efficiencies in existing SME value chains to empower them to contend in global market. NBDP expects to facilitate around 314,000 SME beneficiaries over the period of five years.

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Objectives

- To explain the concept and potential of an online business.
- To elaborate ways of starting, running and marketing an online business.

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Introduction to Online Business

An online business is any kind of business, particularly marketing or sales activity that happens over the internet. It is a term which covers business activities of many different types and in many different industries. Generally any business that sells products, services on the internet is called an online business.

A website is the primary tool of online business that sells something using the global infrastructure setup of the internet.

Some of the features of Online Business are as follows:

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Potential of Online Business – Opportunities and Success Story

There is significant potential for online businesses as the growth in global e-commerce is very attractive for many businesses to sustain and grow.

Additionally, because of the reasons that there are no geographical boundaries and any one can sell to anyone in the global markets, it encourages new entrants into entering the markets, particularly with relatively less restrictions on entry.

If one has a product or service to sell and can access the internet, there are much greater opportunities available today than ever before.

The following are reasons why online businesses are the best investment:



Offers Unbelievable Scalability

An online business offers practically unlimited opportunity to scale up, particularly with the possibility of reaching out to a very wide customer base.

If one can develop a good digital marketing strategy and provide an equally reasonable product or service experience, the market will not saturate easily.

With online business, one can attain an unlimited combinations of product-market acceptability in the international markets that the product or service will be virtually converted into a household name like Facebook, Twitter, Foodpanda, and OLX etc.



Offers Independence



An online business offers freedom to operate from many locations and sources.. Business can be operated by laptops, tablets, business apps and VOIP communication systems that allow businesses to be operated and managed from different locations.

The ability of the owner and managers to be available online for business, increases their presence for the customers and allows them physical independence at the same time.

Access to a Worldwide Market

The most significant thing about an online business is the ability to operate without boundaries. While any physical business will take much longer to reach out to the international markets, there are no physical limits and there are no limitations of specific hours of operation for the online business.

With appropriate systems and service protocols, an online business can provide services around the globe, even while staying at home.

It provides access to the entire world right at fingertips. The bonus of being able to target exact states, regions, and countries gives an upper hand to online businesses.



Round the Clock Availability



Very few traditional businesses manage to offer 24-hours service, but it is impossible for most businesses with their staff limitations and physical positions. However, an online business is usually much more ready to provide this kind of experience to its customer. It is mostly a function of improved order processing and queuing process that will help to get this facility up and running. Additionally, the ability of the business to manage customers on 24/7 basis increases its reliability in the eyes of the customers as well.

Better Customer Support

An online business is better poised for customer support with introduction of appropriate customer response modules CRM.

Through the internet, one can answer the questions of customers, give sales webinars at anytime, videos can be created about product specification or create FAQ (frequently asked question) section. In this way, better services can be provided to the customers.



Very Low Start-up Costs

An online business can be started at lower costs as compared to a conventional business. There is no need to construct the building, with less vehicles to buy and fewer staff to hire.

For the start of an online business, one simply has to develop a website and start to sell (product or service) online. Particularly, if a business is already selling offline then the transition to this additional mode can be very smooth.

Advantage of going online for an existing business are manifold. The products being sold offline can be sold online. Launching the business online simply gives a new set of customers in addition to easier access by the existing customers.

Live / Work from Anywhere

An online business offers its owners the opportunity to live anywhere without the restrictions imposed by the work location.

As long as one has a reliable internet connection, they can live and work virtually from any place, while managing the online business.

Reduce Operation Costs

There are numerous cost advantages to having an online business.

As the orders are placed online, it eliminates the need of customer service staff. Similarly, overhead costs are also reduced in online business as all the product information is available online as well as sale and purchase is completed through online transactions.



Increase Business Responsiveness

The internet based business allows to work more efficiently and allows better responsiveness to customer suggestions, purchase order and order confirmation.

Additionally, online businesses process orders and send them to the clients efficiently and without any undue personnel intervention.

Whereas, in a conventional business there could be many hiccups, due to the workload of the sales on staff. It can take hours, or in some cases even days to process the order. With the help of online store application, one can automatically track inventory, sales numbers, and outstanding orders. Faster response time means happier clients and less administrative work for the business owner.



Daraz.pk a Success Story



Muneeb Maayr is Co-Founder at Daraz.pk, Pakistan's leading e-commerce portal that sells fashion and other retail products online. After completing his education from the University of Virginia, he started his career in investment banking in New York in 2001 but was quick to go the start-up route shortly thereafter. He employed hundreds of analysts in Pakistan performing data analysis on US equities.

In 2013, he sold his operational stake to US-based SNL Financial to kick start a new venture funded by Berlin-based Rocket Internet and continued to help build the e-commerce ecosystem in Pakistan. Business Process Outsourcing (BPO) is a relatively new industry with great potential and capitalizing upon the widespread opportunities this industry has to offer, Daraz.pk has been paving its path towards success.



- Daraz.pk is the number one destination for online shopping and product search in the country.
- With thousands of products, 24/7 access, superior search and browsing technology, the customers are offered a holistic retail experience with a wide variety of options.
- The business also provides its customers with the best delivery services with 7-day free return policy.
- Daraz.pk has also been the pioneer for the mPOS services, which enables customers to pay through debit and credit cards, at their doorstep, upon delivery in addition to Easy paisa and Jazz cash facility.
- Furthermore, the business has its own app, which allows for fingertip access to local and international brands for their customers.
- The future still holds many untapped possibilities for growth and expansion and cross-border economic activity is what the business is moving towards.



Starting an online business requires a workable business plan. It should identify what product or service the business will be selling. There are many strategies that can be implemented to start selling products online.

i. Selection of an Online Business

To start an online business, there are number of options, to remain niche-specific or become a market place. While it is difficult for any business to sell everything and gain massive profits, however, there are many online businesses which allow many suppliers to offer hundreds of products and dozens of categories with no real focus on being niche-specific.

The first major step is identifying other successful online businesses that are already present in the industry. To start an online business, SMEs have to weigh the options to select a niche which is not over-crowded.

If a niche market is selected, then one must also ensure that they have a strong market response which will also indicate presence of healthy competition, since the absence of competitors usually indicates that there is no market for product or service one is offering. Which business is going to work depends upon the selection of niche with some competitive strengths and advantages. Carrying out a SWOT analysis of different business opportunities is a good analytical tool for selecting the appropriate niche.



ii. Business Planning (Financial, Operational and Contingency Plan)

Effective Business Planning can be the key to success of the proposed business. A business plan can help secure finance, prioritize efforts and evaluate opportunities. It may initially seem like a lot of work; however, a well-prepared business plan can save time and money in the long run.

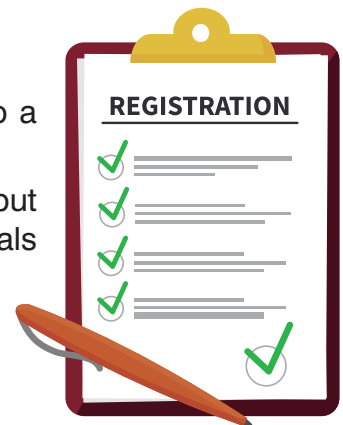
There are no rules about what a plan should cover or the level of detail. In general, plans need to include information regarding:



iii. Affiliation and Registration

In Pakistan, online businesses are registered under the Limited Liability Act, so a private limited business can be registered under Company Ordinance Act, 2017.

Online businesses can register business name and domain with PTA as well but business registration is the domain of SECP. However, many online business portals are offering affiliation with their business in order to get additional benefits on the basis of share in profits/ commission.



Digital Marketing and Networking – Using Social Media Marketing Tools

Digital Marketing:

Digital Marketing is the marketing of products or services using digital technologies, mainly on the internet, but also including mobile phones, display advertising and any other digital medium.

Take care of following elements of marketing in cyber business:

| | |
|---------------------------------|-------------------------------------------------------------------------------------------------|
| Product | Perpetual struggle for maintaining standards and product innovation. |
| Price | Determining reasonable and affordable sale price of the products. |
| Promotion | Advertising and spreading information about the products, discounts, sale and other promotions. |
| Packing and Presentation | Making products safe, attractive and presentable for customers. |

Digital Promotion Techniques

Due to very strong digital networks, online businesses can be promoted with very little cost. SMEs can use the following online promotion techniques for their business:

| | |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Use the Three Big Local Listing Services | <ul style="list-style-type: none"> ▪ Registering the business with Google Places, allows it to be found more easily on Google searches and it shows up on Google Maps. ▪ All one has to do is fill out the form and register, then get the business verified through their confirmation process, which can be done either with a phone call or snail mail. ▪ Yahoo! also has a big database of businesses called Yahoo! Local. ▪ It is free, and is certainly worth the few minutes it takes to set up. Microsoft's Bing has a similar service that is easy to sign up for. |
| Embrace Social Media | <ul style="list-style-type: none"> ▪ Social media is not just a tool to gain exposure, it has now become a necessary time investment for every business to make. ▪ One can tie in ads and offers on Facebook page and have a direct channel with customers on Twitter. |
| Start a Blog | <ul style="list-style-type: none"> ▪ A blog not only helps the business to get its name out through followers, but is a way to connect with customers more directly. ▪ But remember that one of the major keys of blogging is to keep the stream updated as frequently as possible. |
| Put up Multimedia on YouTube and Flickr | <ul style="list-style-type: none"> ▪ YouTube provides a free way to distribute creative promotional videos, but in order to succeed, one must put up content that people want to view and are relevant to the business. A simple ad will not work. |
| SEO the Business Website | <ul style="list-style-type: none"> ▪ Search Engine Optimization (SEO) cannot be underestimated in the world of constant Googling. ▪ Pick up a book or head over to an online how-to-guide on SEO and make sure the site is primed for performance on search engines. |
| Join a relevant Online Community and Contribute | <ul style="list-style-type: none"> ▪ Every niche has communities online that one can get involved in. However, However, SMEs must do more than just signing up for a forum and posting every once in a while about the business, which is not beneficial for anyone, and will likely just annoy people. ▪ Actively contribute and build a rapport with the community, while keeping the business out of it. ▪ Passively promote the business by putting a link in the signature or mentioning it only when the context is appropriate. |
| Promote Positive User Review | <ul style="list-style-type: none"> ▪ One can say all they want about the value of their own business, but nothing is more credible than the approval of an actual customer. ▪ One can share positive reviews on the website and across social channels amplifying their effect. ▪ Cross promotion of online reviews is a useful way to save time and money in marketing and gives additional information to include on the business website. |

A business coach, or corporate coach, is a trusted advisor with industry management experience who can guide a business owner through start-up challenges like hiring staff and paying taxes, as well as help in planning for growth strategy, make sound marketing decisions, and recommend software. A business coach can be a great mentor and help to achieve the business goals.

There are three ways to find a business coach:



Ask Personal
Network

01

Search for
Coaching
Services Online

03

Look for a
Business Coach
or Mentor with
help of SMEDA

02

Conclusion



Online Business is any kind of business or commercial transaction that includes sharing information, providing services or products with the use of internet. There are various types of online businesses ranging from Affiliate Marketing, Preparation of Apps for Services, Consultancy, Web Management, Data Entry, Web Designing, Virtual Assistant, Sales Consulting, Online Blogging, SEO and SMM etc.

There is a world trade of approx \$3.5 trillion in e-commerce and online business offers limitless opportunities in the form of access to international market and independence to operate from any location.

Selection of online business should be done systematically with a SWOT analysis and business should be as much systems based as possible with good digital marketing strategy.



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